

## **UNAPPROVED MINUTES OF THE OCTOBER 10, 2012 POLICY COMMITTEE MEETING**

### **Updates to the Housing Opportunities Policy and resulting implications for Residential and Multiple Use districts and Definitions**

Ms. Ellen Cook stated the Board had reviewed the policy at their September work session and wanted changes, with a concentration on the term 'affordable.' The Board wanted 'affordable' split from 'workforce housing' to keep an emphasis on that part of the Area Median Income (AMI) range. They specified a target for the 30 to 60% portion of the range, to prevent developers from clustering on the high end. The Board also wanted to adjust the percentage of expected units down the scale to the lower end.

Mr. Woods asked staff to explain the 30% - 60% and 80% - 120% in today's dollars.

Ms. Cook stated the range comes from the Comprehensive Plan, which separates affordable and workforce housing.

Ms. Rosario stated those are based on Housing and Urban Development (HUD) guidelines.

Ms. Cook stated the Board wanted to emphasize the 30%-60% AMI category, thinking that was in the greatest unaddressed need in the community. Thirty-percentage of AMI equals a family income of \$20,000, with a target house price of \$61,000. Sixty-percentage of AMI would be a family making \$40,000, with a target house price of \$120,000.

Ms. Rosario stated at the lowest end, we are typically talking about rental units.

Ms. Cook stated the policy covers rental and home ownership.

Mr. Woods asked if a developer in the program would get reduced development costs.

Ms. Rosario stated there is that potential in the policy, but this also states an overall expectation for any residential development. The County would be requesting 8% of the units be in the 30%-60% range, 7% in the 60%-80% range, and 5% in the 80%-120% range.

Mr. Woods stated he thought it was an incentive program.

Ms. Rosario stated it is an expectation, with incentives, including cash proffer reductions. She stated there is also an in lieu option.

Ms. Cook stated in lieu funds could be used to subsidize rents or as matching money to help construct buildings in that range.

Mr. Woods asked if he was developing a high-value property, could County force him to include affordable housing in his offer.

Mr. Krapf stated that all proffers are voluntary, but they increase costs.

Mr. O'Connor stated this was a policy, not an ordinance. He stated if you have a neighborhood with an average home price of \$800,000, and you add 15% of units that are not compatible, you are creating a dysfunctional neighborhood.

Mr. Krapf stated high-end neighborhoods would probably use the in lieu option. He stated the County wants to encourage affordable housing, and one way to do it is to set expectations with the developers that they address work force housing. If they do not, the cash contribution helps those types of units be constructed.

Mr. Woods stated that in principle, he thought the County was going to employ incentives to encourage behaviors, not penalties. Incentives would allow developers to reduce their costs relative to the market.

Mr. O'Connor stated density was incentivized.

Ms. Rosario asked if we view all proffers as penalties or if, instead, as ways of mitigating impacts.

Mr. O'Connor stated the County says applications must have a certain number of proffers, but for some of the developments to work, you can only come up with a smaller percentage of affordable lots. He stated if the County wants to encourage affordable housing, it should waive proffers.

Ms. Cook stated the policy allows a full reduction of cash proffers in exchange for offering units in the 30%-60% range. She stated it could be more than a \$20,000 tradeoff.

Ms. Rosario stated that coming out of the Comprehensive Plan, this policy was designed to give more guidance to developers.

Mr. Krapf asked if staff got feedback from the development community.

Ms. Rosario stated that representatives of the realtor community had expressed support as had groups like the Williamsburg Area Chamber of Commerce, and that staff had not heard any expressions of concern regarding the Policy. She stated the County decided to step up its game with the Comprehensive Plan, but did not go to inclusionary zoning.

Mr. Woods stated the combination of incentives for affordable housing and density should be economically powerful.

Ms. Cook stated there were incentives in the form of proffer reductions before, but there had never been a consistently policy to guide staff or developers. She stated this Policy provides clarity but maintains some flexibility and room for Commission and Board discretion.

Mr. Krapf stated the policy is not ironclad because it uses the wording 'should' not 'must.' He stated it reads as a very strong encouragement.

Mr. O'Connor stated he was derailed by the language 'should be' and staff describing the policy as an 'expectation.' He stated the term 'subject development' in Item 5 should be defined.

Ms. Cook stated staff would go back and review the term.

Ms. Rosario stated to further that line of thinking, when talking about the average square foot cost to construct units, there should be a comparable measurement.

Mr. O'Connor stated there are neighborhoods with a minimum square footage where it would not work. He stated in a Kingsmill, a 30%-60% AMI paying a high HOA fee would be unrealistic. Forcing someone to join an HOA is a burden. These policies, with Chesapeake Bay and green space requirements, are creating HOAs. At the same time, the County encourages affordable and workforce housing. In some of these cases they are incompatible.

Ms. Bledsoe stated the inclusiveness philosophy has been building for many years. She stated that the County having this option is progress. It is about encouraging inclusiveness in schools and resources, and is not just about what the developer wants. The policy is reasonable, with fluidity for negotiating room. There is a stigma associated with workforce and affordable housing, but people living in these communities realize that nothing changes.

Mr. Krapf stated he looks at workforce housing as an enhancement to the community. He stated County police living in the community add an extra sense of security. It benefits everyone in the process. This policy echoes the Comprehensive Plan and provides a range of alternatives and incentives. Developers can ignore it and explain their reasons to the Board.

Mr. Woods stated this is direction the County should be headed and the outcome it wants to achieve. He stated he just had questions about the method.

Mr. O'Connor stated the County should ensure there are lots of good incentives in place. He stated he is concerned with elevating the prices for people living in those neighborhoods.

Mr. Woods stated a large project can take a section and put the affordable housing in one little area.

Ms. Bledsoe stated that the affordable and workforce units are all over New Town and it looks nice. She stated they are across the street from her home. They were sometimes smaller, but not less attractive.

Mr. O'Connor stated it works in New Town because it is urban. He stated there are other subdivisions where affordable housing creates a disparity.

Mr. Krapf stated in the sentence '...in lieu of a contribution to the housing fund...' to change the language from the 'the director, at his sole discretion' to 'the planning director may consult' to remove the gender.

Mr. O'Connor moved to recommend approval of the Housing Opportunities Policy with amendments to the definition of 'subject development' and to the planning director gender language.

In a unanimous voice vote, the Committee recommended approval (3-0; Absent: Bledsoe).